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**Independent Pricing
and Regulatory Tribunal**

PO Box K35
Haymarket Post Shop, NSW, 1240s



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30 September 2020

Review of Domestic Waste Management Charges
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240

Lodged via: ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission

Dear Tribunal

IPART REVIEW OF LOCAL COUNCIL DOMESTIC WASTE MANAGEMENT CHARGES

Council welcomes the opportunity to participate in this consultation and to respond to any further issues that arise from the review process. Our response to the review is attached for your consideration.

Council has benefited from participation in a joint procurement of waste processing/disposal services with three other Councils in south west Sydney under a 15 year contract which yields significant benefit to residents.

The Discussion Paper cites the Audit Office of NSW performance audit report (p.18) of Campbelltown and Fairfield Councils domestic waste management services and I am pleased to include Council's response to the report for your information.

Should you require any further information, please do not hesitate to contact Council's Acting Manager City Standards and Compliance, Mr Peter Rimmer on [REDACTED] or [REDACTED]

Yours sincerely

[REDACTED]
Lindy Deitz
General Manager

1.5 List of questions in this Discussion Paper

We are seeking general feedback from stakeholders in response to this Discussion Paper, as well as responses to specific questions including:

1 **Is it a concern that DWM charges appear to be rising faster than the rate peg? Are there particular cost-drivers that may be contributing to this?**

No, the DWM charge reflects a reasonable cost of service provision and value for money

Rates are untied income and for the purposes of funding local councils to provide services for the community. Domestic waste is a charge constrained to recover the cost of providing that service. Under the LGA there can be no cross subsidisation of the domestic waste service.

Cost drivers for domestic waste management vary dependant on the community expectation around service levels. As an example missed bin service requests add costs to service delivery. From time to time residents typically forget to place their bin/s out for collection or are too late in presenting bins for collection. A complaint is lodged with Council that the bins have not been collected resulting in the contractor charging Council to service the missed bins.

Other cost drivers include: increases in contract prices: CPI, fuel costs, salary costs, costs of managing illegally dumped domestic waste.

The Section 88 Waste Levy (Protection of the Environment Operations (Waste) Regulation) yields the government >\$700m per annum in revenue from waste disposal charges. The waste levy increased by \$10/year/tonne plus CPI until recently when it is adjusted by CPI only. The levy increased the price of waste disposal in the Sydney Metropolitan Area to the extent that loads of waste were being transported in bulk to Queensland for disposal and the trucks returning to Sydney (without the benefit of a backload) which proved cheaper than landfilling in Sydney.

The NSW Government has neglected waste infrastructure planning in NSW. The EPA commissioned a 'Waste and Resource Recovery Infrastructure Strategy draft report 2017-2021' indicating that Sydney has a significant shortfall of disposal and processing (resource recovery) infrastructure. The following Table has been extracted from the report to indicate the scale of shortfall resulting from a lack of planning.

Processing Capacity Shortfall (NSW EPA)

	Putre- scible Landfill	Non- putre- scible Landfill	Mixed Waste Treatment	Energy Recovery Facility	Non- putre- scible Waste MRF	C&D Waste Process	Packaging MRF	Garden Organics Process	Putre- scible Organics Process
2021 Known capacity (‘000 tpa)	3180	2924	763	143	3765	5242	1299	1133	972
2021 Projected throughput (‘000 tpa)	2438	2165	1768	478	2669	4342	1583	1520	984
2021 Gap (‘000 tpa)	742	759	-1005	-336	1096	900	-284	-387	-12

Numbers shown in red indicate the shortfall of available capacity projected by 2021. It is important to note that statewide summary data show only the needs for the state in total. The results by region (discussed below) show significant variations from the overall results – regions may lack processing capacity in a category despite sufficient capacity at state level.

Council is currently investigating the development of local infrastructure to ensure residents are not denied access to waste disposal and recycling facilities within the region. Alternatively, facilities located at longer distances from the LGA will be the only alternative with consequential environmental damage through illegal dumping, and increased costs to domestic waste services.

Council is also supportive of a circular economy and to achieve better sustainability through best practice waste management practices with an emphasis on resource recovery and recycling.

The costs of managing contamination of commingled recyclables (i.e. yellow lid bin) and garden organics increases in parallel with landfill costs. Councils have various contamination tolerances built into processing contracts that are linked to landfill charges. These tolerances vary significantly between Council's and their contracts. Councils therefore pay higher processing charges when contamination levels increase.

Councils deal with contamination by employing waste education officers whose role is to inform and educate communities on the 'rights and wrongs' of recycling, with the goal of reducing contamination levels in kerbside collection systems. Greater reductions in contamination levels lead to stronger implementation of circular economy principles and ultimately reduced service costs. Statistics show that contamination levels increase in suburbs with lower socio-economic status so some LGAs are required to invest significantly more in waste education than others.

2 To what extent does the variation in services and charges reflect differing service levels, and community expectations and preferences across different councils?

Yes also outlined in question 1, a variation in service levels is a major contributing factor. Service level variation is a core component of kerbside collection service provision.

The following Table sets out the typical variety of bin size and collection frequency options available to householders. Service delivery structures differ within and between council areas to accommodate local demographics, housing type (low, medium and high density development), waste streams collected and any variations to services that are required.

Service Options

STREAM	BIN SIZE OPTIONS (L)	COLLECTION FREQUENCY OPTIONS
Household Waste	80, 120, 140, 240	Weekly, fortnightly
Commingled Recyclables	120, 140, 240	Weekly, bi-weekly, fortnightly
Paper/Cardboard Only	240	Weekly, fortnightly
Garden Organics Only	240	Fortnightly
Food and Garden organics	140, 240	Weekly
Food Only	80, 120, 140	Weekly, bi-weekly

The above Table does not include kerbside clean up services for hard waste materials such as bulky furniture, discarded whitegoods and other items. Clean-up services are typically structured either on a scheduled or on-call system.

The scheduled service refers to the collection cycle that appears at nominated times throughout the year. For example a household will receive two clean-ups in the first week of May and October each year. An on-call service is based upon the resident booking their clean-up with council when the service is required. Councils provide residents with a varying number of services from two per year, four per year and up to 12 per year in some cases, depending on the council. This service provision is also informed by the prevalence of illegally dumped rubbish.

Variations to kerbside services include provision of free tipping vouchers in lieu of or in addition to kerbside clean-up services.

Other councils, particularly in regional and rural areas operate landfill sites and waste transfer stations and provide tipping at standard charges, reduced rates or for free.

Case Studies of local service initiatives in Campbelltown City Council:

- *Walk out walk back service for infirm residents free of charge*
 - Elderly and infirm residents can apply to Council for a walk-out-walk-back bin service. This service is available to residents that cannot physically cope with wheeling bins to and from the footpath area for servicing.
 - The resident presents council with a letter from their GP or health professional from which council arranges (after conducting a site visit and validating the circumstances) for the service contractor to collect the bin from the property, empty the bin and return it to the property in the location where the resident has easy access to the bins.
- *Extra recycling collection bin to home dialysis patients free of charge (\$1 charge in order to record on system)*
 - Residents that undertake home dialysis treatment are entitled to a second recycling bin free of charge. HD patients generate a significant volume of recyclables such as cardboard boxes and plastic bottles that would easily fill one recycling bin at the expense of normal recyclables.
 - The additional bin provides the resident with extra capacity to manage household and dialysis recyclables each fortnight.
- *Extra garden organics bin to koala carers free of charge (\$1 charge in order to record on system)*
 - Council, on receipt of a formal request will provide a 240L garden organics bin free of charge to registered koala carers residing in the Campbelltown Local Government Area, that hold a valid licence issued by the National Parks and Wildlife Service, to assist with the disposal of organic waste arising from their carer duties.
 - A site inspection is undertaken by council to validate the application details and an annual inspection will follow to confirm if the additional bin service is still required.
- *Free recyclables drop-off day*
 - For the past 12 years Council has provided residents with a free drop off service during the first week in January each year, for disposal and recycling of surplus packaging and wrapping generated over the Christmas period, such as paper cardboard and polystyrene packaging material.
 - The free drop-off event provides residents with welcome extra disposal capacity during a peak period of recyclables generation and is always well supported.

It is important to note that council experiences very little negative feedback on the cost of domestic waste and rather receives feedback for requests of additional service ability.

3 Is there effective competition in the market for outsourced DWM services? Are there barriers to effective procurement?

Yes there is effective competition however it is noted that there has been vertical integration of some smaller vendor markets.

Council doesn't experience any barriers however, there are opportunities to realise greater regional outcomes through the application of group procurement strategies.

For example Campbelltown is one of four councils that underwent a collaborative tendering exercise in 2006 for disposal and processing of all household waste and recycling streams. The 15-year contract expires in 2024 and save the councils collectively approx. \$20m/year in tipping fees.

The next contract from 2024 onwards is already well advanced in its planning and will span a 20-year contracting period involving five councils (Project 24); refer ACCC if further details are required <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/campbelltown-city-council-ors-0>

4 Are overhead expenses for DWM services appropriately ring-fenced from general residential rates overhead expenses?

Yes Campbelltown City Council specifically and separately accounts for the costs of Domestic Waste Management and appropriately and conservatively apportions overhead expenses in accordance with the reasonable cost calculation as issued by the Office of Local Government. Council feels strongly about adequate offset of indirect and direct costs in being able to provide an effective DWM service.

5 If IPART was to regulate or provide greater oversight of DWM charges, what approach is the most appropriate? Why?

Council does not see the value in IPART regulating the DWM charge however, to assist with consistency and transparency over the DWM charges, a further review of the OLG guidelines would be of benefit.

There are too many variations for service provision to ensure this does not become a bureaucratic process and in turn cost the ratepayers more due to over administration.

Council would support a framework that identifies a standard set of core comparable indicators that would assist councils in the consistent distribution of relevant overhead costs developed in conjunction with the sector and under the oversight of IPART a new set or reasonable costs be determined and adopted as Section 23A guidelines.

6 Are there any other approaches that IPART should consider?

IPART may also consider Annual Report/Financial Statement and Revenue Pricing Policy guideline obligations to enhance transparency around service levels and costs of DWM. This may also contribute to continuous improvement and increase the community's ability to understand their council's performance.

7 If a reporting and benchmarking approach was adopted, how could differences in services and service levels, as well as drivers of different levels of efficient cost, be accounted for?

Council is accountable via its Financial Statements and annual report within the IPR framework and should report on its domestic waste service in alignment with all council services.

8 Is there merit in IPART's proposed approach to developing a reporting, monitoring and benchmarking approach and pricing principles for setting DWM charges? Is it likely to be an effective approach? Why/why not?

No, council does not consider this to be an effective approach due to too many variables to service options, procurement/contract outcomes and provisions.

9 **Would IPART's proposed approach be preferable to audits of local councils' DWM charges by OLG?**

Council would question the value add as compared to the cost of layering any additional regulatory requirements would have on the community. Council does not receive feedback from the community to suggest the costs of the DWM service provision are inappropriate, excessive or not valuable.

10 **Are there any issues that should be considered with regards to developing an online centralised database for all NSW councils' DWM charges to allow councils and ratepayers to benchmark council performance against their peers?**

Largely no the DWM charges are freely available on Council's website as part of the Fees and Charges schedule. Though it should be noted variability within service level means you aren't comparing apples with apples.

The Table below indicates the types of service variables impacting DWMC based on stream collected, service frequency, bin size and service provider. Other variables include disposal facility operation, and whether the recyclables and organics streams are processed, and whether or not there is a profit share arrangement with the contractor.

Council considers that a database that compares DWMC's is unlikely to actually provide benefit (in fact could actually cause more issues based on incorrect comparisons) due to the variations in service delivery.

NSW	Collection Offered	Weekly collection	Fortnightly collection	Other	120L bin	240L Bin	Other bin size	Day labour	Contractor
Residual waste	100%	85%	15%	0%	31%	35%	35%	27%	73%
Recycling	92%	8%	92%	0%	8%	83%	8%	12%	88%
Garden organics	38%	12%	88%	0%	0%	100%	0%	19%	81%
FOGO	23%	83%	17%	0%	0%	100%	0%	29%	71%
Clean Up / Hard waste	69%	0%	0%	100%	-	-	33%	19%	81%

11 **Do you agree with IPART's proposed pricing principles? Why/why not?**

There is some merit in the IPART proposed pricing principles, however from a practical viewpoint further considerations need to be given.

- DWM should reflect a 'user pays' approach: Partially agree,
 - Agree: DWM should recover the costs in providing the service and a robust set of guiding principles be established to inform the reasonable cost calculation.
 - Partially agree: Overhead distribution cost allocation should be applied, it is important to consider all costs including the cost of attending to enquiries, improvements to the customer experience through IT efficiencies etc.
 - Partially agree: Social programs that are not related to DWM should be funded through General Rates, however programs with a nexus with DWM should be attributed to the DWM 'user pays' principle for example apportioned pensioner discounts.
- Only reasonable costs should be included: Agree, however a new framework needs to be established and agreed through consultation with the Sector.

3. DWM charges should reflect efficient costs – Partially agree: Benchmarking does not provide an accurate measure as costs between councils may vary for a specific purpose or service delivery. There are indirect costs that support the DWM function these include gains in efficiency due to IT investment, Policy development by senior staff through to on the ground customer service. How do you objectively determine what is 'efficient'? What is efficient for one Council may be the opposite in another.
4. DWM charges should be transparent: Agree. Charges must be listed in the Operational Plan each year.
 - To assist local councils
 - To assist customers
5. DWM charges should seek to ensure price stability – Agree: The NSW Government has a role to play in the costs they impose on local councils and the ability to provide adequate waste processing facilities to support growing communities.

12 Are there any other pricing principles or issues that should be considered?

Intergenerational Equity. DWM charges can be affected by costs across generations, local councils will often account for these through reserves that start prior to the costs being incurred. Intergenerational costs should be considered in the formulation of any reasonable cost calculation model.

Pension Rebate Concession. The Local Government Act (Section 575) requires a portion of the statutory \$250 rebate concession to be applied to domestic waste management charges. The OLG 'Council rating and revenue raising manual' provides guidance in the way the \$250 rebate is apportioned across DWM and ordinary rates. The final charge billed to the ratepayer has progressively been impacted by the \$250 rebate remaining unchanged since it was last increased in 1986.

IPART should incorporate the freeze on the statutory rebate concession in any recommendations to the NSW Government.

13 Could a centralised database and display of key elements of all successful DWM service contracts (e.g. name of tenderer, service provided and contract amount) assist councils in procuring efficient services? If not, why not?

A centralised database with this level of detail would only serve to add confusion. For example the contract amount bears no relationship to what residents pay in their annual DWM charges.

Campbelltown undertakes approx. five million collection services per annum for approx. 60,000 households over a contract life of between seven and 10 years, for a four-stream collection service, plus other service add-ons.

This may also have an adverse effect on procurement outcomes in future cycles and cause concern around commercial in confidence.



Appendix one – Responses from local councils

The following appendix includes the formal responses from Campbelltown and Fairfield councils to the findings in this report.

The Audit Office has carefully considered the Councils' responses.

In reference to the issues of concern raised in the Councils' responses we have concluded that, based on objective facts, the findings in this report remain balanced, factual and complete as relevant to the audit scope.

Response from Fairfield City Council



In reply please quote: 19/05914
Your Ref:

Contact: Bradley Cutts on [REDACTED]

28 May 2019

Audit Office of New South Wales
Attention: Margaret Crawford, Auditor-General
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford,

PERFORMANCE AUDIT - DOMESTIC WASTE MANAGEMENT IN CAMPBELLTOWN AND FAIRFIELD COUNCILS

I am writing in formal response to your Performance Audit – Domestic Waste Management in Campbelltown and Fairfield Councils.

Fairfield City Council believes there are issues that are not adequately addressed or do not provide proper context within the report. Council's formal response provides essential detail to highlight these issues only and does not seek to respond to any matters that it considers being minor in nature with the report's findings.

Significant issues are:

1. The report potentially leads a reader to a view that Fairfield City Council adopted a 2 bin system (red waste bin and yellow recycling bin) at the beginning of its 20 year alternative waste treatment contract with no real strategy of processing the red bin waste, other than taking it to landfill. Nothing could be further from the truth. In fact, Fairfield City Council was the foundation local government partner in a State Government controlled waste process operation, which promised to divert 80% of Fairfield's domestic waste from landfill. Through no fault or cause of Fairfield City Council, the State Government operation failed to meet its promised environmental and waste diversion performance expectations. The State Government operation was then sold off to a private waste industry company which then diverted Council's domestic waste from the processing plant to landfill. Council has maintained its favourable waste pricing under the Contract.
2. Fairfield should be categorised as 'effective' in encouraging residents to appropriately sort their waste as nearly 90% (when including bagged recyclable material) of materials in co-mingled recycling bins is recyclable material. The audit results for Fairfield City Council co-mingled recycling bin audit contamination level is exaggerated, as some residents inadvertently put recyclable materials inside plastic bags. For audit purposes, this is counted as 'contaminated', whereas in real time operations, the Council contracted Material Recycling Facility (MRF) is able to process these bagged materials and recycle them. This is an example of effective contract management.

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3. The report's Executive Summary conclusion stated that 'Council has not ensured all new multiple unit dwellings have appropriate waste storage facilities'. This finding is a generalisation of an example that represents the 'exception' that is not consistent with Fairfield Council's experience.

Council in many cases is not the Principal Certifier for construction of these developments and the included waste storage facilities. Variations between the development approval designs and those considered to be "generally in accordance with" those designs, as deemed appropriate by the Private Certifier, is likely to account for any variation or inconsistency and is a matter outside Council's control or influence.

Council has very successfully integrated approximately 65 new multi-unit developments into its domestic waste operations over the past 5 years. These developments range from high rise towers to lower rise community housing.

4. At Clause 3.1 of the Audit report, it is noted that "Neither Council's Local Environmental Plans (LEP) treats waste collection as an essential service". Council does not understand how this recommendation affects Council's ability to ensure new developments include well-designed waste storage facilities.

Local Environmental Plans (LEPs) do not provide detailed development controls and guidelines along the lines of that suggested in the recommendation. Rather Development Control Plans (DCPs) provide this level of specificity. The Department of Planning would be the appropriate agency to consider the appropriateness of including this type of provision in an LEP as it is responsible for the Standard Instrument LEP and the EP&A Act which govern the content of LEPs. Similarly, the issue of Private Certification in respect to new multiple unit dwellings having appropriate waste storage facilities (refer Item 3 above) is a matter that the Department of Planning has appropriate jurisdiction to consider.

It is noted that the Fairfield City DCP includes detailed waste management provisions that are applied at the development application stage. These controls ensure that all new buildings provide satisfactory waste storage facilities. Importantly, DCP provisions can be varied by councils, proponents, local planning panels and decisions of the Land & Environment Court. This means that in some instances less than optimal waste arrangements can result.

5. The report's Executive Summary conclusion stated that 'Council has not tested the market to see if its in-house service represents value for money'.

The Audit Office had the opportunity to benchmark Fairfield Council's Service (with the assistance of the Auditor's independent expert consultant) by using the extensive detail provided by Council. This included discrete Council waste management benchmarking and costing details to adequately calculate benchmark rates that would demonstrate that its day labour operations were within a range considered to

be 'efficient'. It is disappointing that the Audit Office appears to favour only market testing as a means of establishing "value for money" or for Council to directly engage their own independent expert consultant.

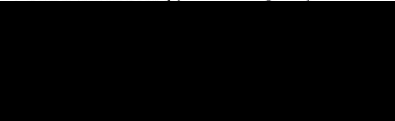
Council has a long history of delivering effective in house day labour domestic waste management collections. Council is confident that its use of day labour provides a flexible use of resources and better agility in meeting the changing needs of its waste services operation. This is endorsed by residents' feedback gained during independent surveys on Council services which rate its domestic waste management services at the highest level of resident satisfaction. It should be noted that 30% of homes in Sydney continue to be well serviced by day labour waste operation.

6. Council commends the Audit Office for noting at Clause 5.4 that Sydney does not have a strategy to meet its waste processing and disposal infrastructure needs. This is a serious and pressing issue. The State EPA has produced various strategies including its "Waste and Resource Recovery Infrastructure Strategy: Draft for consultation, 2017" which pinpoints the Sydney metropolitan area now requires many new waste processing facilities to meet the State's targets for diverting waste from landfill. Yet, these are the same targets that State Government owned waste processing facilities were unable and ultimately unwilling to achieve as they were sold off to a private waste company in 2011.

Given the onerous development approval process for new waste facilities through the State Planning Department and restricted potential new waste facility sites availability in the Sydney basin, it seems unlikely that the large shortfall in waste processing capacity can be overcome. This will mean many Sydney Councils will not have access to red lid bin waste processing capacity for at least a decade or much more and therefore will not be able to meet the State waste diversion from landfill target.

I thank you for the opportunity to provide this formal response to your performance audit and also would like to acknowledge the professional conduct, communication and co-operation demonstrated during the performance audit by Bettina Ocias, Senior Analyst and Rod Longford, Director Performance Audit.

Yours sincerely,



Alan Young PSM
CITY MANAGER

Response from Campbelltown City Council



31 May 2019

Margaret Crawford
Auditor-General
Audit Office NSW
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford

Performance Audit of domestic waste management practices in Campbelltown and Fairfield City Councils (Your Ref. 6623)

I refer to your letter of 1 May 2019 inviting Council to provide a formal response to the final Performance Audit report of the same date.

The final report has been reviewed and Council is of the view that a number of the important comments/points of clarification provided to you by Council staff in their response on the draft report, appear not to have been given proper consideration as it is the Council's opinion, that they have not been incorporated or satisfactorily amended in the wording of the final report.

The attached response, provided for your records, is reflective of Council's position and includes many of the comments that were previously provided.

If any further information is required please contact Lauren Williams, Acting Domestic Waste Service Coordinator on [REDACTED]

Yours sincerely



Lindy Deitz
General Manager

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RESPONSE TO THE NSW AUDIT OFFICE PERFORMANCE REPORT DATED 1 MAY 2019



Council has reviewed the draft and final versions of the NSW Auditor-General's Performance Audit Report dated 1 May 2019 (the Report), and provides the following comments in response.

EXECUTIVE SUMMARY

The Report recognises that Council conducts activities to encourage residents to minimise and correctly sort waste in line with EPA guidelines, yet in contradiction criticises Council for being 'ineffective' in these areas. This is viewed as somewhat harsh criticism given Council's limited capacity to directly control appropriate sorting of an individual resident's waste. Council is of the view that if such criticism is to be directed at councils, it should be directed equally to all levels of government, given the limited power that each government body possesses in controlling the sorting of waste at a household level.

It is considered that bin inspections do not provide any measurable information about the separation habits of residents. This is because the person inspecting the bin can only observe the top layer of material and for WHS reasons will not rummage through the remaining contents of the bin. Council has previously utilised a bin inspector for garden organics contamination and the inspector and Council were regularly criticised (and threatened) for undertaking these inspections. It is not a practice that is accepted by our community and the program has since been closed.

The Report indicates that Council does not conduct waste audits, despite Council having conducted waste audits in 2005 and 2008. A further waste audit would be useful; however, given the historical resentment by the community to bin inspections, it is considered that such programs are not well received and are largely ineffective. It should also be noted that waste audits cost up to \$100,000 per audit, and are therefore only undertaken when necessary e.g. at change of contract.

Red-lid bin waste is not being processed solely due to Council's contractor closing down the AWT processing facility in breach of contract. The participating councils went to great expense and effort to conduct a regional procurement project in an effort to secure the future of the region's waste and recyclables processing and disposal. The Report recognises an effort made by Council to enforce the terms of the contract, however it is considered that the extent of these efforts are not adequately reflected in the Report. Council maintains that it has made every effort to maximise the diversion and recycling of kerbside waste under this contract.

Generally the language in the conclusions/executive summary is not genuinely representative of the efforts made by Council to meet state waste targets, and is viewed as misleading. Council can effectively demonstrate that its residents appropriately sort waste as 95% of garden organics and 88% of dry recyclables are recycled, whilst only 3% of waste is sent to processing. It is not the fault of the resident nor Council that the contractor is in breach of the contract.

SECTION 1.7

The Report fails to acknowledge methane gas capture that occurs on modern landfill sites, which is generated from the decay of putrescible waste over time, and used to produce electricity.

SECTION 2.3

The Report should make due reference to the following significant issues impacting the performance of the contract:

- the refusal of Council's waste processing contractor to process waste in accordance with its contractual obligations; and
- the EPA's decision to revoke the MWOO exemption, effectively preventing any diversion from the general waste stream processed by AWT.

These two issues provide important context to the information presented in this section, as they each have a significant negative impact on Council's ability to meet State diversion targets.

SECTION 3.1

This section of the Report continues to assert that Council does not monitor the waste sorting behaviour of its residents, and indicates that no targeted education interventions have been delivered. This section is inaccurate in its commentary and should provide greater clarification by making due reference to the effort of Council in inspecting loads of garden organics material tipped for processing, from which data was collected on contamination levels from specific vehicle runs across the Local Government Area. From this data, targeted programs were scheduled to roll out at the time of Council's meetings with AO NSW, and are currently being delivered within the community.

SECTION 3.2

Previous comments have been made about the audits already performed by Council, and the low value provided by bin inspections, notwithstanding the risks involved in searching through residents' bins. Electronic bin tags require community consent because of privacy concerns, irrespective of the valuable information they provide.

SECTION 3.3

There are a variety of potential reasons why recycling bins may be contaminated. Contamination in recycling bins can occur as a result of residents being (rightfully) confused about what is recyclable and what isn't, given the availability of products to choose from, and the way products are labelled. However, it can also be the result of other factors such as reduced garbage disposal capacity (lack of correct disposal options), bin-sharing arrangements, tenanted properties (lack of ownership and responsibility for recycling bins) and lower socio-economic considerations (more pressing issues for residents than the correct use of recycling bins). The report would benefit from a more informed description of contributing factors to provide the reader with better context on this important issue.

SECTION 3.4

The comparison of domestic waste fees that are charged to the community clearly indicates that the fees charged to Campbelltown residents are consistently well below the average for the Sydney Metropolitan Area, however the Report makes no reference to this point, nor does it acknowledge the effort that goes into achieving such an outcome for the community. Council is of the view that a balanced and independent report should make reference to both areas that require improvement, as well as areas where a council is performing well and achieving a positive outcome.

SECTION 3.5

The first paragraph refers to smaller waste bins or reduced collection frequency of waste as encouraging residents to generate less waste. This is an assumption which has never been realised through field testing, and is therefore considered to be misleading. Waste generation is a function of the economy and level of disposable income (refer ABS). Smaller waste bins and/or reduced waste collection frequency is a theory designed to increase separation of recyclables however, many residents have objected to reductions in waste capacity as seen in Penrith City and Bathurst Regional Council's FOGO services, resulting in increased contamination of recycling streams, and in many cases, the return to original waste disposal capacity.

The Report refers to EPA's best practice FOGO service, and acknowledges that such a service is recommended in areas where: contamination is low, there is no access to AWT facilities to process red-lid bin waste, and there is access to FOGO processing facilities and markets. Given this preferred criteria, it is questionable as to whether the common practices of the residents of the Campbelltown Local Government Area would result in the delivery of a successful FOGO program.

Further, Council is unaware of any published data that supports high recovery rates and/or low contamination rates in FOGO streams. It is also understood that the data that is of paramount importance to the success of a FOGO service (i.e. the transfer of food organics from the waste bin to the FOGO bin), has never been reported and that this is because the food organics transfer rates are extremely low (less than 5%). Contamination is not the critical KPI, it is the organics transfer from the red-lid bin to the organics bin that determines the success and effectiveness of FOGO in diverting organic waste from landfill.

The other consideration for Councils of a FOGO alternative is that the EPA has not assessed the physical or chemical characteristics of FOGO outputs and their suitability for use in agriculture or other markets. The AO would be aware that on 26 October 2018, with one day's notice, the EPA revoked the regulatory exemption that allowed mixed waste organic outputs (MWO) to be used on broad agriculture, mine site rehabilitation and in plantation forestry applications. Council understands that the EPA has not conducted any parallel assessment of FOGO outputs, and yet continues to offer FOGO as a solution. As a result of revoking the regulatory exemption for MWO, the EPA has introduced a lack of industry confidence and high degree of regulatory uncertainty into the market to the point that many councils are hesitant in considering FOGO.

In relation to preparing for follow on processing/disposal contracts, Council will be guided by industry, not necessarily the EPA, on the most effective and compliant system to reach State Waste Targets.

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SECTION 4.3

The Report suggests that Council should engage a consultant to advise on the economy of waste collection and transportation services. It is considered that the only people with the comprehensive knowledge required to accurately cost a collection service are the collection companies. Consultants, from past experience, can provide cost estimates supported by several assumptions, but cannot provide an accurate costing compared to the detail that a waste collection company can. Hence the prevalence of open tendering compared to consultancy market testing.

Benchmarking must compare like-with-like in order to be effective. The difficulty in comparing council services against each other is the range of variables that exist in one area and not another. These comments have been provided above.

SECTION 4.4

Transfer stations are designed to reduce the distance collection vehicles need to travel to tip loads. However, rather than mitigating additional costs incurred by using smaller trucks as the Report states, transfer stations actually add cost to the service because of additional handling and transport charges to the end destination. Emission increases must also be considered in any transfer station scenario.

SECTION 5.1

The issue that there is no waste infrastructure plan for Sydney (or elsewhere in NSW) is considered to be the most significant headline issue for the waste and resource recovery industry and therefore should be duly referenced in the executive summary.

Please note that China and other Asian countries have not ceased accepting recyclable materials. They have increased their product quality specifications for which the market in Australia has difficulty in reaching, which requires the Government to act quickly with a response strategy in order to bring effective relief to this situation in the short to medium term.

SECTION 5.4

The Senate Inquiry quotes should appear in the executive summary as it is clear that only Government is in a position to make the critical industry-level decisions to improve the functioning of the industry.

The NSW Government's current response to the China Sword policy intervention is considered to be ineffectual. The inter-governmental taskforce unfortunately excluded any participation by councils and as a result it appears there were no representatives on the taskforce with any significant operational or contractual knowledge of the recycling industry, therefore the report was lacking in offering any practical solutions. Accordingly the policies that were the outcome of taskforce deliberations have been largely ineffective in sourcing or creating alternate markets for recyclables.

The EPA's Draft Waste and Resource Recovery Infrastructure Strategy 2017 has never been finalised, which is concerning given the continued population growth of the Sydney Metropolitan Area while

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landfill capacity rapidly diminishes. There is still no plan to address Sydney's waste processing and disposal requirements, making the likelihood of achieving the State's waste diversion target for 2021 low, especially in light of the EPA's MWOO regulatory exemption revocation that has resulted in all AWT processed organics being directed to landfill.

Overall, it is considered that much of the language contained within the Report is unnecessarily negative and directs the blame for many of the issues discussed at councils without sufficiently acknowledging the circumstances under which a council operates. For example, the wording 'councils are ineffective' places blame directly on a council, whereas wording such as 'councils experience difficulty' acknowledges the reality that many factors can adversely impact the ability of a council to meet expected targets. It is considered that the overall language of the Report is lacking in balance, and fails to properly acknowledge the efforts and positive outcomes delivered by councils on behalf of their community.

END.